

30 March 1984

MEMORANDUM FOR THE RECORD

FROM:

SA/DD/Pers/SP

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SUBJECT: House Hearing on Supplemental Retirement Program,
28 March 1984

1. On 28 March 1984, the undersigned and [] (OLL) attended the fifth in a series of five hearings on supplemental retirement scheduled by the House Committee on Post Office and Civil Service chaired by Congressman William D. Ford. This hearing took on a different tone than the previous four in that the testimony generally supported the minority viewpoint of the committee (i.e., Administration proposals) for cutbacks in existing retirement benefits recommending similar provisions be incorporated into the new supplemental program. The previous four hearings were more of a pro retention of benefits by testifiers.

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2. Today's testimony was provided by a panel consisting of a representative from the National Taxpayers Union, the U.S. Chamber of Commerce and a senior member from an actuarial and consulting firm (the Wyatt Company). Their formal remarks generally followed the prepared testimony provided in advance to the committee (copies attached). In the case of the representatives from the Taxpayers Union and the Chamber of Commerce, the remarks dealt with the over generosity of the Civil Service Retirement Systems versus retirement plans available in the private sector. They focused on early retirement provisions and the total indexing of the Federal pensions as being the primary reasons for what they considered excessive costs to maintain the Federal retirement program. They also called for amortization of the "unfunded liability" associated with CSRS stating such a situation would be unlawful in the private sector. Various statistics were used to support their remarks and they challenged data previously used by the committee, particularly with respect to average age at retirement data.

3. The presentation from the representative of the Wyatt Company appeared to be less bias and generally more factual. For the most part it was an attempt to provide a clearer comparison of retirement benefits of some larger companies in the U.S. with respect to the Federal program. His comparison did include the point that benefits in the CSRS relative to private practice among larger firms were:

- a. roughly in line for long-tenured late retirees i.e., 65 with 35 years of service.
- b. possibly a bit low for short-tenured late retirees i.e., age 65 with 15 years of service.

c. clearly more generous for early retirees.

4. Discussion following the testimony generally centered on the validity of statistics and comparisons used to support the testimony of the Taxpayers Union's representatives. At the conclusion of the testimony, only Congressman Ford and Congressman Oakar were present; the only other Congressional representatives attending the hearing were minority members Dannemeyer and Crane, both of whom left shortly after the hearings began. Ms. Oakar stated she thought the comparisons offered between CSRS and Social Security were insufficient and did not delineate enough of the differences between the two systems to be meaningful. She went on to say that more comprehensive data needs to be provided to be objective i.e., differences in employee contribution, vesting, disability, etc. She felt it was dangerous to generalize on comparisons. Specific data used in the testimony by the Taxpayers Union representative were challenged by both Mr. Ford and Ms. Oakar and this appeared justified when that individual could not readily identify the source of his statistics. Ford then chastized the panel members to be careful on the indiscriminate use of numbers.

5. Ms. Oakar spent some of the time dealing with how the recommendations and proposals impact on women, especially elderly women, who make up a large portion of the annuitant population. It is clear that she intends to pursue improving benefits for those individuals or at least not allowing any reduction as activity progresses on this issue.

6. Some discussion then took place regarding the meaning and general importance of the current unfunded liability in the CSRS. Basically the panel members agreed with the D/OPM's contention in previous meetings that the unfunded liability was a problem and jeopardized future benefits. Congressman Ford took his previous approach that it was only a problem if the Government went out of business. He stated the D/OPM and others should stop frightening people with their statements on this issue.

7. This was the last of the currently scheduled meetings and no mention was made of the committee's next activity. However, as mentioned previously in a discussion between [] and the committee Staff Director, the next series of meetings could be sometime in May 1984 when certain heads of Agencies may be asked to testify and present their views on requirements. At the conclusion of this meeting, Ford again alluded to the budget cut imposed on the committee for studying the retirement issue and the possible requirement for extending the study because of that cut.

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